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# The PACE STUDENT

Vol. III

New York, October, 1918

No. 11



APPRECIATION of organization essentials, of the advantages of the discipline of teamwork, is among the by-products of this war. This appreciation minimizes the danger of anarchistic doctrines disguised under the name of "Socialism." Its outgrowth will be a greater industrial democracy and a less radical socialism. This seemingly paradoxical conclusion is reached by reason of the attitude of the public mind toward discipline, organized action, and leadership.

People are learning the advantages of organization discipline. No longer do they regard discipline as the necessary complement of fear or compulsion. Discipline is being admired, so to speak, for discipline's sake. In this sense, it loses association with a particular individual or group of individuals and is recognized as a necessity to the common welfare.

People now, more than ever, conduct themselves on a basis of self-discipline.

Voluntarily and purely from the sense of patriotic duty, they follow, for the common good, suggestions and recommendations of Government boards and commissions. They realize that these things must be done by organized effort, and are willing to exercise the discipline over themselves to have them done. Thus the value of discipline for the sake of the good that flows out of discipline is being deeply impressed upon the public mind.

The citizen who must stay at home is naturally impressed with the tremendous advantages of organized effort in caring for the incidental wants of our soldiers. Organizations give the patriotic man and woman an opportunity to ex-

press patriotism in a practical and helpful way. Haphazard, spasmodic impulses toward generosity are organized into definite avenues of helpfulness. These organizations impress the citizen with the possibilities which may be achieved by an organized effort toward a definite objective.

*Discipline*

Thus far I have avoided mention of the effect of military training upon both discipline and organization. Men to whom discipline seemed onerous find its value after entering military service. To their surprise it is not nearly so onerous as they expected, and in the case of the self-respecting soldier, discipline becomes a friend. Success or failure, life or death, he finds, may be contingent upon the presence or absence of discipline. It is to be expected that he will carry back with him to the business organization, at the end of this war, an abiding regard for the advantages of discipline.

Nor can one in military service long ignore many of the salient features of scientific organization. Gradations of authority are

deeply impressed upon the mind. Nor are these gradations impressed arbitrarily; their necessity crops out as a prerequisite to any definite action. The disadvantages of going over the "head" of an immediate superior; the advantage of a clear conception of the authority and jurisdiction of a department or an individual; the necessity of not having duties overlap and of yet having everything taken care of—all these will be schooled into our soldier boys. This military training is a practical education in all of the vital elements which go to make up effective organization.

Liking for discipline and appreciation of organization procedures will result in a recogni-

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tion of the need for competent leadership. Can any one follow the beneficent results of unified command for the Allied armies

without being impressed with the tremendous value to the world of a competent leader? During peace times, leaders in business may gain in personal wealth from their leadership, but if their leadership be unsullied by an utter disregard for the ethics of business, the community gains more than do they. Leaders can be cultivated only by giving suitable rewards, in honor, prestige, or wealth, to those who are capable of leadership.

Sham leadership—that is, leadership by the incompetent, will be the more apparent and the less deceitful by reason of our war education. Instances have occurred wherein peace-time leaders proved incompetent for the emergency necessities of war. Inefficiency in leadership has been bared, while the essentials which go to make up competent leadership have been brought into prominence. Accordingly, it may be expected that merit will govern the selection of leaders in industry and in government after the war.

Whether the man be in uniform, or whether he be following civilian pursuits, the general characteristics essential to leadership are being brought to his attention day by day. He can not read the lives of the men who are becoming famous during this struggle without learning of those homely virtues which are often the basis for success in leadership. Nor can he study the type of men who are contributing to the scientific leadership of the business side of the war without gaining some idea of the value of definite, technical training in modern business. Discipline, organization, and leadership are the subjects of a curriculum from which the public, and from which the ambitious young man, may gain an education of value in the big business development which awaits us after this war.

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improved system of recording petty-cash transactions. Give illustrative entries to cover final accounting of petty-cash cashier, in

which he turns over vouchers for expense and property disbursements and the remaining cash balance." One of these answers would be understood only by an accountant; the other is comprehensible to the average person.

The answer which lacks clear expression reads: "The Imprest, or advance, system of handling petty-cash transactions consists of advancing a certain sum to the petty cashier to cover a certain period—a week, for instance; at the end of the period, the petty cashier hands his transaction vouchers to be approved by one in authority, and is thereupon reimbursed for the amount he has spent, which brings his cash on hand up to the original amount advanced.

To Sundries (John Doe).....	\$25.00
By Final Settlement Petty	
Cash—Expense .....	\$15.00
By Cash Turned Over .....	10.00"

Compare the foregoing with the following: "The improved system of recording petty-cash transactions is the *Imprest* System. In this system, an *advance* is made to the petty cashier for the estimated amount of petty disbursements for a week or other convenient period of time. A check for the amount is drawn in favor of the petty cashier. An account to such cashier is opened in the Ledger. The amount of the check is debited to this account and credited to Cash.

"At the end of the week, the petty cashier presents a detailed statement of the disbursements during the week. A check is drawn for the exact amount of this statement and given to the cashier to reimburse him. An entry is made debiting Expense and crediting Cash. This proceeding is repeated until the time for final settlement arrives.

"In the final settlement, the petty cashier presents the detailed statement of disbursements and turns over the balance of cash on hand. Up to this time, the original advance stood as a charge against the petty cashier. Now his account is credited with the amount to offset the advance, and debits are entered on the Expense Account for the amount of the statement, and on the Cash Account for cash turned over.

Sundries to W. J. Milne (Petty Cashier) \$50.00
For final settlement of petty cash
fund, as under:
Expense (per statement) Dis-
bursements for Final Week...\$37.00
Cash Balance Turned Over..... 13.00"

### Training in English

**S**TUDENTS may acquire, while studying Accountancy, the ability to use clear, concise English. This ability is an asset of no mean worth to the accountant or business executive who must frequently issue orders, instructions, or regulations. Written work affords opportunity for this training to the student. If the student always strives to frame his answer so that it can not be misconstrued, so that there is nothing in it which is doubtful, so that it is clear to any one who may read it—he will have accomplished much to attain this desired end.

Illustrative of the point are two answers given in written work to the question, "Describe an

# Biographical Snap Shots

## Men Who Have Made Good

**M**ANY graduates of the Pace Accountancy Course, and many who have not yet completed the course, have entered the service of our Country in a technical capacity. Their training, supported in many cases by broad accounting and executive experience, has enabled them to render a most useful service to the Federal Government. The demand for Pace men and women has consequently been far greater than the available supply.

John Helmus, C.P.A., is one Pace graduate who comes to mind in this connection. He is now accountant-in-charge of the cost accounting branch, accounting section, Ordnance Department, with headquarters at Madison, Wisconsin, having been appointed to this important position in December, 1917, when he was only twenty-six years old.

Mr. Helmus was born in Brooklyn, N. Y., in 1891. He graduated from Manual Training High School, in 1910, and then decided to enter business. His first job was as a messenger with the National Bank of Commerce, New York. After five months, he secured a clerical position with Budde & Westermann, New York, where he remained for four years.

In the meantime, Mr. Helmus had been studying Accountancy and allied subjects, devoting practically all his spare time to his studies, with the result that he was graduated from the Brooklyn Institute of Accountancy, in 1915, with a most creditable record.

Having made up his mind to follow the profession of Accountancy, he joined the public accounting staff of S. D. Leidesdorf & Co., in 1915, as a junior, and remained with the firm till 1917. He then resigned his position in order to become accountant and office manager of the Englander Spring Bed Company (New York and Chicago). This position he gave up in order to enter Government service.

While Mr. Helmus was with Messrs. Leidesdorf & Co., he passed the New York state C.P.A. examination, receiving his professional degree in June, 1916, at the early age of twenty-five. Mr. Helmus has also found time to prepare himself for successful work as a teacher. He holds a license to teach bookkeeping in the New York City evening schools, and has taught this subject for two school years.

Mr. Helmus has already won success—forced it because of his mental resourcefulness, his energy, and his ability to set high goals of achievement and to keep his gaze fixed on them.

**R**AYMOND C. REIK, C.P.A., is another Pace graduate who is giving Uncle Sam the benefit of his technical training and experience. Mr. Reik has been commissioned a first lieutenant in the aviation section of the Signal Reserve Corps. He has been assigned to the accounts department, finance division, Bureau of Aircraft Production, as auditor of public vouchers under cost-plus contracts.

Mr. Reik was born in Frederica, Delaware, thirty-two years ago. He graduated from the Frederica High School, and then took a course at Bryant & Stratton's Business College, in Baltimore. Realizing that a knowledge of law is an

asset to a business man, he spent four years at the University of Maryland, studying law at night, and received the degree of LL.B. in 1909. Mr. Reik then took up the Pace Course in Accountancy at the Baltimore Institute of Accountancy, and received his certificate of graduation in 1915. In the same year he passed the Maryland state examinations for C.P.A., and was given his professional degree.

Mr. Reik's business career has been a steady series of upward steps. From 1901 till 1902, he was a bookkeeper for Alexander Kerr Brothers & Co., salt importers. He then entered the employ of the controller of the treasury of the state of Maryland, acting as chief clerk from 1904 till 1915. This position he resigned in order to accept a position as senior accountant on the Baltimore staff of Haskins & Sells, with whom he was associated till he entered military service.

Mr. Reik is a member of the Maryland C.P.A. Society, being vice-president from 1917 till 1918, and he is an associate member of the American Institute of Accountants. Mr. Reik is also a member of the Maryland Bar, having been admitted in 1909.

Summarizing comment upon Mr. Reik's business advancement is superfluous. The facts speak for themselves. He realized the necessity of securing technical training, and he secured that training. To-day, his services are in high demand, and he gladly gives his Country first call upon them.

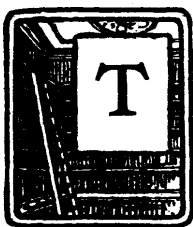
**H**ENRY HIRSCHMANN, a Pace graduate, is now assistant adjutant at Fort Totten, N. Y. When the war came, Mr. Hirschmann, like many another red-blooded young American, was eager to enter military service. Accordingly, after a thorough course of intensive training, he was commissioned second lieutenant in the Coast Artillery, Officers' Reserve Corps. Somewhat later he was transferred to Fort Totten and appointed personal officer, Coast Defenses of Eastern New York, and a few months ago he was elevated to the rank of assistant adjutant.

Mr. Hirschmann, who is now but twenty-five years old, was educated at St. Joseph's School and St. Francis Xavier High School, New York City. He also studied at Wood's Business School. From 1913 till 1916, he studied the Pace Course in Accountancy, completing his studies in 1916.

Mr. Hirschmann entered business as a stenographer. After one year with the Gould Storage Battery Company as a stenographer, he entered the employ of Pace & Pace in a similar capacity, remaining with the latter firm for four years. During his last two years with Pace & Pace, he was manager of the stenographic force.

Nobody who knows Mr. Hirschmann has anything to say about him except words of praise. He always made good at everything he undertook. He was an unusually efficient stenographer. He was a thoroughly competent executive.

Native ability, pertinacity of purpose, skill in dealing with others, and high ideals—these are some of the many reasons why Mr. Hirschmann always travels far on every road on which he sets out. We in the office of Pace & Pace who knew him so well will not be at all surprised to hear the news of further promotions for him.



HEREquirement that all corporations must submit a return as to the Capital Stock Tax has aroused considerable interest in this tax. Only those organizations the fair value of whose capital stock is in excess of ninety-nine thousand dollars are subject to the tax. The tax is upon "doing business" between July first each year and June thirtieth of the succeeding year.

In addition to corporations, as such, organizations in the "twilight zone" are included. It seems that so long as the organization does not have perpetual succession, and is not capable of taking title to real estate and suing in the common name, it is not subject to the tax. Limited partnerships organized under the New York law are not subject, since these attributes are not possessed by such organizations. On the other hand, Pennsylvania partnerships are included, as are joint-stock associations, Massachusetts trusts, and any other forms of profit organizations having these attributes.

There is a distinction drawn between mere ownership of property and "doing business." If the activities of the business extend only to owning and holding property and distributing its income, then it is not "doing business." But, if the corporation must maintain an organization, and obtains its income as a result of the operating effort of that organization, then it is "doing business."

The tax is at the rate of fifty cents on each full thousand dollars on the fair value of the capital stock in excess of ninety-nine thousand dollars. "Fair value" is determined from book value, from market values, or from capitalizing earnings, whichever is the highest.

The form provides for three exhibits, each of which must be filled out, and each of which contemplates finding the value of the stock upon one of the three bases mentioned. The first of these has to do with book value. A balance sheet is contained in this exhibit, which should be as at the close of the fiscal year of the corporation. Provision is contained in a column for adjusting the values to their "fair value." The book value of the stock, after the adjustments, is stated as the last item in the exhibit.

The second exhibit has to do with the market value. Provision is made for inserting prices quoted on recognized stock exchanges, by months, for the past twelve months. The mean of the highest price bid in each month and the lowest price bid is determined, from which the average for the year is computed. Should the

tax-payer prefer, the average may be based on daily quotations. If the stock is not listed on an exchange, the prices at which there

were outside sales of the stock may be reported. In this case, the number of shares involved and the conditions under which the sales were made must accompany the return. Sales to employees or directors for qualifying purposes, or sales restricted as to resale, or sales at prices otherwise specially influenced may not be included.

The third exhibit provides for capitalizing income for five fiscal years, or as many years as the corporation has been in business. Certain adjustments specified in the instructions may be made as to the income of each year, after which the average income for the periods is determined. The income is capitalized by using a percentage selected by the tax-payer, which must be representative of the percentage of earnings in like organizations. For example, if the average income of the corporation is fifty thousand dollars for the years named, and the estimated rate of income in like organizations is ten per cent., ten would be divided into the fifty thousand dollars. The result obtained—five thousand dollars—would be multiplied by one hundred, giving five hundred thousand dollars as the amount of capital determined from capitalizing income.

Whichever is the highest value of the capital, as determined by any of these exhibits, is the value upon which the tax is based. As before stated, the amount by which this exceeds ninety-nine thousand dollars is taxable at the rate of fifty cents for each thousand dollars.

**A**RTICLES purchased on an instalment basis are sometimes damaged or destroyed before being paid for. These articles are ordinarily sold under a contract which provides that the seller shall retain title to the articles until payments have been made. If the loss has been caused by the negligence or fault of either party, then the party at fault is the loser. It is when the loss or damage can not be attributed to either party that most of the questions arise.

Ordinarily, the rule is that the person who has title to the goods is the one who loses in the event of their destruction. So it is that if goods are shipped and title has not passed to the buyer, the seller usually bears the loss. The exception to this rule applies with equal force to goods shipped as to articles which are sold on an instalment basis.

The exception may be stated to be that where title has been retained purely for the purpose of securing payment, and the goods have been

*Instalment  
Purchases*

transferred from the possession of the seller, the seller must bear the subsequent loss. For example, if goods are sent under a bill of lading with sight-draft attached, the buyer can not get the bill of lading until he pays the sight-draft, which is ordinarily done at a bank in his city. Until the sight-draft is paid, the title to the goods is in the vendor or the bank. But the courts hold that title is retained only for purposes of payment, and that the seller should bear the loss of the goods in transit. The reasoning of the early English courts on this point was that the buyer had induced the seller to part with the possession of the goods and to subject them to the risks of transportation, and having caused the seller to do so, should bear any loss incident to the seller's parting with the goods.

The same ruling applies in the case of most contracts on the instalment basis. In one form or another, these contracts may provide that the seller shall retain title until payments are made. This retention of title is then solely for the purpose of securing payment. Accordingly, if the goods are damaged or destroyed, without fault of either party, after the seller has given up his possession, then the buyer must bear the loss.

For the sake of simplicity, I have stated the rule as being based upon the giving up of possession. Perhaps the rule would be better stated as creating the buyer's liability from the time the title would have passed, if not retained for payment purposes. The reason for this change is that sometimes the buyer allows the goods to remain in the possession of the seller, and specially requests that the seller hold them. In these instances, it has been held that if there is a destruction of the goods, without fault of the seller, then the buyer must lose. It follows, of course, that any unpaid instalments must be paid.

**"Consideration for Contracts"**

A RECENT English case illustrates one of the difficult points to students on the subject of "Consideration for Contracts." Not infrequently, the student does not readily grasp how there may be consideration in a contract, if value is not received by the person making the promise. Another contingency upon which there may be a valuable consideration is in case some trouble or prejudice is suffered by the person to whom the promise is made. It is this latter phase of consideration which the case referred to illustrates.

The facts in the case are simple. A school board issued a circular to the several school-teachers in the district. This circular stated

that the salary of any teacher who had entered, or who might in the future enter, military service would be continued during the period of

the military service. After the circular was issued, one of the teachers entered military service. The board declined to abide by the circular. The teacher instituted suit on the ground that there was a binding contract upon the part of the school board to pay the salary.

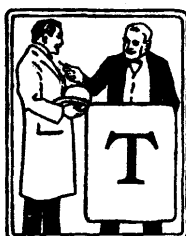
The school board defended on the ground that there was no consideration. It was argued that no value had been received by the board, in the way of service or otherwise, from the teacher. Another argument advanced by the defense was that this was a mere generous offer of a gift, and like any other offer of a gift might be revoked at will.

Answering the first of these arguments, the court held that it was not necessary for the board to receive value. On the strength of the promise made, the teacher had undergone the income risks of military service and this, in itself, was sufficient. Upon somewhat similar grounds, the second argument—that of a generous offer, was rejected. The offer was made, according to the court, to encourage school-teachers to enter the military service, and, acting upon this encouragement and inducement, the school-teacher had entered the service. Hence, there was a valid consideration for the promise in spite of the fact that the board received nothing of value.

In the above case, it is apparent that there must be a distinction made between a promise, supported by a valid consideration, and a generous offer. If the promise is made with the idea of inducing a person to undertake action which will cause trouble or prejudice, then it is, ordinarily, a transaction susceptible to being made a binding contract.

Another distinction which must be made is that between such contracts and gambling contracts. For example, in a certain case, an offer was made to an individual of five thousand dollars if he would cut off his leg. After he cut off his leg, he demanded the five thousand dollars, which was refused, and suit was brought. The court ruled that this was not a binding contract, because it was a gambling transaction; that it was a "dare" or "bet," and that it would be against public policy to enforce it as a contract.

The above cases are illustrative of the rule that trouble or prejudice suffered by the promisee is a valuable consideration. In practice, however, it is sometimes advisable in instances of this character to have a nominal consideration pass to the promisor.



HIS Department does not publish answers to all of the questions received, but only to those which we deem to be of general interest to our readers. A communication, in order to receive attention, must contain the name and the address of the person asking the question.

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generally used in commerce. The second has certain advantages. These advantages are that the amount of bad debts charged off

each year is shown in a distinctive account, and that the charge to the reserve represents the net increase in the reserve and not, as in the first instance, the net increase plus the amount charged off. The first method has the accounting advantage of showing in one account the amount estimated as loss on one side and the actual losses on the other side, thus affording a comparison between what was estimated and what was actually charged off. If, under this first method, it is desired to find the total of bad debts charged off, ordinarily the total debits to the account in the period will give the amount. This amount may, in the Profit and Loss Statement, be so displayed as to give all desired information regarding the amount that was charged off.

The propriety of treating the accretion to the reserve in the second instance as an appropriation of net profit may be questioned. The Reserve for Bad Debts must be deducted from the Accounts Receivable to ascertain the estimated actual value of these accounts. Accordingly, there is not on the asset side any amount representing actual asset value to the extent of the additional reserve set up, a condition which is essential if the addition be deemed an appropriation of profit—that is, an amount of profit retained in the business.

Q **A**S I understand it, there are two methods of treating Bad Debts. The first is to charge the Profit and Loss Account with an estimated percentage of Accounts Receivable, and to credit Reserve for Bad Debts, all bad debts written off being charged to the reserve. The second method is to close out all bad debts into an account with that title, which is closed out into Profit and Loss. An adjusting entry is then made to bring the amount of the reserve up to the required amount, the adjusting entry representing the net accretion to the reserve, assuming that there is a further accretion. In the last method, as I understand it, the addition to the reserve is treated as an appropriation out of the net profit for the period in the Profit and Loss Statement. Kindly let me know which of these methods is considered the better.

A In order that the two methods may be fixed in mind, the following facts and entries may be assumed. At the end of 1916, the Reserve for Bad Debts is \$4,000. During the year 1917, \$2,800 is charged off for uncollectable accounts. At the end of 1917, it is estimated that the reserve should total \$4,200. Under the first method the entries would be:

RESERVE FOR BAD DEBTS..	\$2,800	
To ACCOUNTS RECEIVABLE		\$2,800
PROFIT AND LOSS .....	3,000	
To RESERVE FOR BAD		
DEBTS .....		3,000

Under the second method the entries would be:

BAD DEBTS .....	\$2,800	
To ACCOUNTS RECEIVABLE		\$2,800
PROFIT AND LOSS .....	2,800	
To BAD DEBTS .....		2,800
PROFIT AND LOSS .....	200	
To RESERVE FOR BAD		
DEBTS .....		200

The first of these methods is the one more

I SHOULD be glad to have the following Q question answered; I have finished semesters A and B. I have never been employed on any bookkeeping work, however. I am ambitious to become an accountant, and from the studying I believe that I would enjoy the work. What methods can you suggest as the best for me to use in trying to break into accounting when I have finished the five semesters?

Under circumstances such as yours, it is not A advisable, ordinarily, to await the completion of the five semesters. Having completed semesters A and B, you are in a position to be of service either to public accountants or to business houses. It is a certainty that without experience you can not hope to command a very high compensation, so that completion of the five semesters, instead of the two, does not necessarily mean a higher initial compensation. Ordinarily, you might get more, but the amount would be relatively small. You may learn of openings through newspaper advertisements, through reputable employment agencies, through your associates, or you may devote a

week or two to a definite investigation. Quite frequently, students come to New York and spend a week or so in looking over the field, visiting various accountants' offices and getting in touch with possible openings. It is advisable, usually, to write for an appointment with the accountant in advance, in which case the letter should be couched in conservative language. So urgent is the demand for accountants, both senior and junior, that no one should have difficulty in securing a desirable opening. Under these circumstances, a man owes it to himself as well as to business and the profession to take definite action to get into accounting work.

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time securities, and from profits. Decreases of working capital may be occasioned by the purchase of a fixed asset, by the payment of a long-time obligation, by operating losses, and by the payment of dividends.

The regulation in question has in mind the adjusting of these facts so as to show exactly the disposition of profit. In other words, the amount by which working capital had been increased by profits would be shown, and then the amount by which it had been reduced by the use of profit in the purchase of a fixed asset, the liquidation of a long-time indebtedness, or the distribution of dividends. Whatever may not be accounted for in one of these three ways, or is not necessary for an actual increase in the business, or has not been used for purchase of certain United States securities, is subject to the tax.

**Q** **K**INDLY inform me of what advantage it is to give physical and oral exercises in public-speaking classes. There is doubt in my mind as to the advantage of doing this, because students can not keep up the exercises, particularly the oral exercises which would be disturbing to neighbors. I am asking you this question because I notice that the exercises were given in the Pace Course, although I have never taken that course.

**A** You must remember that two objectives are to be attained—first, strengthening of the voice and physique, and second, the proper use of the voice and of the muscles used in breathing. Although some public speakers are not physically strong, yet excessive public speaking is exacting as to physical strength. It is advisable for a speaker to keep in the best physical condition. Apart from this, the proper methods of breathing and the proper use of the voice give needed strength, even though no exercises are continued.

**Q** **K**INDLY explain the meaning of the letters "SS." in notary acknowledgments.

**A** These letters are an abbreviation. The word for which they are an abbreviation is not known despite the fact that legal scholars have made extensive researches in an effort to discover the word. Some legal authorities, who are in the minority, believe that it is a contraction of the word "scilicet" which means witness.

**Q** **U**NDER the Undistributed Income Tax, I note that the distribution of corporate profit is to be ascertained through a comparison of working capital as at two dates. Please inform me as to just how this might be accomplished.

**A** Additions to working capital may flow from the sale of capital assets, from stock contributions or assessments, from borrowing on long-

**K**INDLY inform me as to whether there are any limits as to the interest which may be charged by a personal loan broker.

**A** Yes, although they are granted a larger rate than the usual legal rate. The restrictions under the New York statute are: that the loan must not be over two hundred dollars at any one time; that interest shall not be charged or collected in advance and shall be computed on unpaid balances; that the interest must not exceed three per cent. a month; and that there must be no other charge except that, on assignments or orders for the payment of salaries or wages, on notes of the borrower endorsed or guaranteed by another person, or on mortgages upon personal property without the actual delivery of the property, the interest can not be higher than two per cent. a month. Under certain circumstances, a charge not exceeding two dollars may be made for expenses in connection with a loan of fifty dollars or more.

**Q** **I**S there a material advantage in taking up the study of foreign languages in connection with Accountancy?

**A** Although an Accountancy-trained man finds many desirable openings which do not require a knowledge of foreign languages, yet this is a decided asset in some instances. The tremendous export business which we will probably undertake after the war will call for Accountancy-trained men who understand the languages of the countries with which we deal. This accomplishment may mean a widening of the market value of the individual, in that there are that many more possible opportunities which are sure to arise with the conclusion of peace.





*Education of Soldiers and Sailors*

NE of the thoughtful things which Congress has provided for is the education of the soldiers and sailors after the war. This is a recognition of the fact that many young men are drawn away from civil pursuits, and from preliminary training for their chosen vocations. Details remain to be worked out as to just how this will be accomplished, but the fact that it is going to be undertaken is evidence of the importance which educational training has in the career of young men under twenty-one years of age. It is to be regretted that the Act was not more extensive, since the education of men between twenty-one and thirty has been disarranged by their present duties. The establishment of a school in France may help to overcome this handicap, but it can not fully do so. It is at least the better part of wisdom for all men to make the best use of what time they have for educational training before getting into the service and, in some instances at least, to provide definitely for a continuance of their studies. It does not follow that entrance into military service negatives opportunity for study. Study is the only known means of meeting this possible loss of time. In the case of the men under twenty-one, Congress is doing the best thing that can be done; that is, providing for their education after the war. Others may solve their problem by educating themselves before entering military service, or during their military service.

**"A Little Less"** **A** LITTLE less!" One of the useful by-products of war-time thought and action is the fact that the words "a little less" are taking on a vivid meaning in connection with our daily lives. As to food and clothes and recreations and practically all other outlets for our interests and our money, we are finding that we can get along on "a little less," and be none the worse off—indeed, in most cases, be better off.

The point applies to our business hours and days, doesn't it? Wouldn't it be better if we made "a little less" our slogan in respect to the time we consume in fruitless parleying, in re-

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**THE PACE STUDENT**

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Interpreting  
the Purpose, Spirit, and Needs  
of Modern Business*

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spect to the energy we use up in doing things our subordinates should do, and in respect to the funds we unthinkingly expend on our overhead? Broadly speaking, "a little less" here and "a little less" there—without, of course, unfairness to our business or to any one of those responsible for its success—added together over the fiscal year means a net profit that totals up amazingly.

**T**HE main difference between the two men you speak of is a difference in the ability to stand up without propping." This was the somewhat cryptic reply made by an able executive, noted for his ability to appraise men and gauge the reasons for their success or failure, to me when I asked him why Jones in a certain organization was getting \$5,000 a year, and why Smith in a similar organization was getting \$15,000 a year.

"Please elucidate," I requested. "What I mean is just this," answered my executive friend. "Jones and Smith are both able men—about equally endowed in respect to fundamental traits, and, at first glance, possessing about the same chances of eventual success. There is this vital difference, though. Jones is 90 per cent. efficient at initiating, executing, and completing tasks, while Smith is 100 per cent. efficient.

The 10 per cent. difference between Jones and Smith is that Jones, before he finally finishes his piece of work, needs support and propping—often this means that somebody else higher up has to charge himself with responsibility for Jones's success. Smith, on the other hand, doesn't require any personal support and assistance—he sets himself to a particular job, plans it out, and delivers it sealed and finished on schedule time. Nobody has to take up the 10 per cent. slack in personal efficiency for him. The result is that he gets three times as large a salary as Jones does."

Now that we think of the matter, the above is pretty true, isn't it? It's the acceptance of full responsibility (ninety per cent. responsibility won't do) that determines a man's organization value and, consequently, the amount of

*Standing Without Propping*

his salary. It may be that a good many of us are too Jones-like for our best interests.

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### *Housing Problems*

WASHINGTON'S housing difficulties bring to the forefront one of the factors always to be considered by business management in locating industrial establishments. This principle is to go either to where labor of the kind needed is located, or to attract labor, by special housing conditions, to a desirable location. So urgent is the need of living-quarters in Washington that every empty house is commandeered. If you go along one of the streets where the wealthy have mansions, you will occasionally find a blue tag on the door, indicating that the Government has commandeered the house because it was vacant. Congress has appropriated over sixty million dollars for the housing of war workers in the United States, of which approximately ten million dollars will be expended in the District of Columbia.

In this way, the Government is attempting to provide for the great army of war workers that must be mustered within the next few months. By taking definite steps to make the living conditions in Washington more favorable to these war workers, it is the hope of the Government to secure greater permanency and a more efficient performance by the men and women in Government employ. This is but another illustration of the big, broad principle that the human factor can not be ignored in effective organization.

### *New York's Humanness*

TO many men the veil of mystery which surrounded the city of New York has been lifted during these war-time days. Visitors to New York sometimes go away impressed with the size and grandeur of its buildings. Other visitors are impressed by the hustle and bustle of the city; still others obtain the idea that it is an amusement-seeking city; many have thought that it was mostly a money-seeking community. So busy were the people of New York in their day-by-day business, so used were they to meeting crowds of men and women, that courtesies characteristic of the other communities seemed to be lacking. Now the people of the Country recognize that New York has a big heart. One man not long ago said to me, "I am beginning to like New York, because New York has proved so patriotic." Nor can any one consider the tremendous size of the war contributions, in money and in men, and in voluntary service, without being impressed with the human qualities of representative New York people. Just as this war is teaching each

of the nations more fully to understand the others, so it is that the Nation more fully understands New York. No longer will it be

necessary for the writers of articles in magazines to attempt to cultivate a liking for New York, by pointing to it as a city representative of America. In action, rather than in words, New York is proving truly representative of the high ideals which characterize the patriotism of the American people.

ACCURACY, please, Miss Stenographer! I can overlook almost anything else—slowness, for example, now and then lack of neatness, perhaps, and as many other mistakes which are not due to carelessness as you find it necessary to make. But accuracy, accuracy—give me that all the time! When I dictate a letter to George H. Horne (spelling out his name distinctly), please don't bring back a letter to George M. Horn. If I speak of "participating in the profits," I surely do not mean "dissipating the profits." Spare me, too, such distorted spellings as "neccesary," "alright," "acomodated," "haveing," "indispensible," "recomend"—isn't that near-by book which is covered with dust a dictionary? I'll help you, Miss Stenographer, all I can. I want to see you advance in usefulness and in salary. But give me something solid and substantial to build on, and let that something be accuracy.

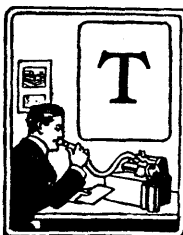
THEY can do anything they want, so long as they lick those Germans." This is a concrete expression of public opinion toward the regulations, restrictions, and limitations which war-time necessity has imposed upon us through the medium of Governmental agencies. The public will not criticize anything that may be done, so long as that thing means definite progress toward winning the war. People are not even inquiring as to the "constitutional" right of the Government to do this or to do that. Quibblings over the many legal questions that might arise are quickly stilled by the public attitude toward those who venture to express them. Individual liberty, so called, is giving way to community spirit—a feeling that we are bound together closer than ever before. No one can interfere with, and every one is expected to contribute toward, the community welfare. It is because we are learning to live together as a nation, because we recognize the common interest which each and all have in the winning of the war, that we are willing to cast aside personal prejudice, and to assume personal sacrifice to do our part in the war.

*Accuracy*

*National Spirit*

## Auditing the Interest Account

Elmer O.  
Stevens,  
C.P.A.



THE interest account is one that frequently does not receive close examination during the course of an audit. Yet there are circumstances which merit an analytical consideration of this account. Sometimes an account captioned "Interest and Discount" will appear on the Trial Balance of the books under examination. To such an account may be charged interest paid and cash discounts allowed. Credits will include interest received and cash discounts taken. When such an account is found, it should be analyzed, and whenever recommendations are in order, they should include the suggestion that at least four accounts be kept instead of one account. These accounts should bear the following captions:

- Interest Received.
- Interest Paid.
- Cash Discount Received.
- Cash Discount Taken.

Recommendations that accounts clearly classify interest or discount, at least into these four classifications, may be based upon a broader duty of the auditor than the mere auditing. It is frequently the case that auditors may suggest improvements in the methods of financing the organization. A clear conception of the precise effects of following these suggestions is more readily obtained if the accounts are fully classified, so that the effects may be shown in statements.

One example of where an auditor rendered a useful service in this connection comes to my mind. The concern in question had been accustomed to purchasing on a thirty-day credit basis. They did not take advantage of the discounts that were offered, because their working capital was small considering the scope of the business they were endeavoring to carry. Likewise, they would give rather liberal discounts for the purpose of securing ready cash with which to meet their obligations upon maturity. In effect, they were suffering all of the disadvantages which go with a shortage of working capital.

The auditor suggested borrowing money to rehabilitate the working capital. Their general condition was such that a loan might readily be obtained from a bank. Under these circumstances, there would be the desirability of measuring the interest paid for the loan against the saving effected in the discounts.

Naturally, the proprietors were anxious to determine just the amount by which they had

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gained through following the advice of the auditor. In order to enable them to do this, the auditor classified interest and discount as to the four captions given. There was thus available for the management a clean-cut analysis which would clearly show the precise amount by which they had benefited through following the advice of the auditor.

In this connection, it might be pointed out that the savings in the discounts given would not be as great as the savings in the discounts received. Greater assurance of effecting a collection may lead a business organization to offer discounts. It does not follow that there would be no savings in the discounts given. If a concern is compelled to give discounts by reason of shortage of working capital, the discounts are apt to be more liberal than necessary for collection purposes. On the other hand, a substantial saving may be effected as to the discounts received.

Apart from the benefit named, other benefits of a financing character may be obtained by a segregation of the accounts. Every business has the problem of doing the most extensive business possible consistent with capital limitations. Conservative management demands that there be a definite limit upon expansion. Profit considerations likewise demand that the available capital be utilized to the utmost, consistent with safety. Careful management accordingly requires a constant solution to the problems that may arise out of these alternatives. This, in turn, affords good reason from the managerial standpoint for such classifications pertaining to interest and discount as will keep the management constantly on the alert to avoid financial difficulties, and to secure favorable expansion opportunities.

Nevertheless, the books may not contain the analysis desirable from an auditing view-point. Under these circumstances the auditor, in order the more adequately to comment on this feature of the business in his report, may find it desirable to analyze the account which combines these four elements.

When it is necessary to make a detailed analysis of the "Interest and Discount" account, the analysis should be made in such a manner as clearly to show each of the classifications contained in the account. We shall now confine our comments to the treatment of the first two items, namely: Interest Received and Interest Paid.

The amounts included under "Interest Received" will, in the majority of cases, represent realized income only. If this item of income is derived from interest on sundry notes receiv-

able only, and is but a small part of the total income, there is no objection to not accruing unrealized income from this source. This suggestion is based upon the theory that income should not be taken into account until realized. However, should this class of income result from interest received on investment, and the accrued, but uncollected, portion amounts to an appreciable sum, such accrued income should be taken into consideration.

The entry necessary to bring the asset into the account would be as follows:

INTEREST ACCRUED .....\$....  
To INTEREST RECEIVED .. \$....

It will be noted that the words "received" and "paid," as used here in connection with the word "interest," are not meant to indicate only that the money has actually been received or paid out, but also to indicate the right to receive value or the obligation to pay out value.

The interest paid in the average mercantile enterprise will usually be of greater amount than the interest received. This is due, of course, to the necessity of obtaining additional funds, either by borrowing at the bank or by giving trade acceptances or notes to creditors, in order to carry the business through the busy season when a proportionately larger part of the assets will be in the form of stocks of merchandise or accounts receivable.

Here again, the auditor is confronted with one of the economic phases of business. A concern may require for two months of the year a large working capital because of a busy season. It would be an absurdity for the concern to carry this capital through the dull season. Dollars, in this respect, may be regarded as individuals working toward the profit objective. Idle dollars are as undesirable as idle workmen. Accordingly, an auditor may have occasion to recommend a policy which contemplates a smaller working capital, by reason of the trade limits upon the extent of business during the greater part of the year, expanded by borrowing during the busy season. Here again, the accounts should clearly show the economies effected by the proposed methods of finance.

Due to the extraordinary buying which characterizes the season near the close of the year, most enterprises have an abnormal condition as to the assets comprising working capital. Large sales have depleted stocks on hand, which have not been replenished in anticipation of "inventory time," or in anticipation of slower selling for a time after the beginning of the year. Along

with this depletion of stocks of merchandise, accounts receivable are high, due to the numerous sales which may have been made. Busi-

nesses having their busy season just before the end of the year, may likewise have borrowed money for the reason heretofore given. Accordingly, the problem that confronts them is the collection of the receivables obtained from the sales in order to pay off the obligations which have been incurred for financing purposes.

The latter of these circumstances may result in having interest prepayments which must be apportioned between the two accounting periods.

The form of schedule to be prepared by the auditor for filing among his working-papers of such interest payments is indicated by the accompanying illustrative schedule. It will be noted that all the facts as to date, due date, amount of loan, rate, etc., are stated, thus furnishing all the information necessary to make and prove the accuracy of the required arithmetical calculations.

Only actual interest has been shown in this schedule presented. If commissions were paid, it would be proper to apportion such payments in the same ratio as the interest. This also applies to documentary taxes. All such incidental charges may be added to the amount of actual interest or bank discount paid, to establish the total amount to be apportioned between the two periods.

In the event that interest has not been prepaid on notes or other interest-bearing obligations, care should be exercised to see that the liability is set up. The auditor should be on the lookout for such items, where he finds demand loans carried, since it is usual for banks to charge their customers, monthly, at the end of each month, for the interest earned for the month past.

See prepaid interest schedule on page 172.

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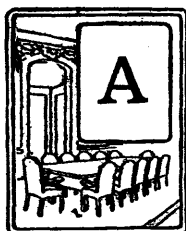
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**JAMES BROWN**

Schedule of Prepaid Interest as at December 31, 1917

Auditing  
the  
Interest  
Account  
(Continued)

Date	Due	Time Days	Amount	Rate %	Interest	Expired		Prepaid	
						Days	Amount	Days	Amount
Sept. 5, '17	Jan. 4, '18	121	\$ 5,000.00	5	\$ 84.03	117	\$ 81.25	4	\$ 2.78
" 7	" 7	122	3,425.00	6	69.64	115	65.65	7	3.99
" 15	" 15	122	5,000.00	5	84.73	107	74.31	15	10.42
" 20	" 18	120	2,750.00	5	45.83	102	38.96	18	6.87
" 29	" 27	120	2,750.00	5	45.84	93	38.96	27	6.88
Oct. 1	Feb. 1	123	10,000.00	5½	187.92	91	139.03	32	48.89
" 15	" 15	123	7,500.00	6	153.75	77	96.25	46	57.50
" 17	" 14	120	1,675.00	6	33.50	75	20.94	45	12.56
" 20	Jan. 18	90	1,000.00	6	15.00	72	12.00	18	3.00
" 25	Feb. 25	123	5,000.00	5½	93.96	67	51.18	56	42.78
" 30	" 28	121	5,000.00	5½	92.43	62	47.36	59	45.07
Nov. 5	Mar. 5	120	5,000.00	5½	91.67	56	42.78	64	48.89
" 10	" 11	121	10,000.00	5½	184.87	51	77.92	70	106.95
" 15	Jan. 14	60	2,400.00	6	24.00	46	18.40	14	5.60
" 15	Feb. 13	90	750.00	6	11.25	46	5.75	44	5.50
" 20	Mar. 20	120	2,000.00	6	40.00	41	13.67	79	26.33
" 26	Feb. 11	77	2,250.00	6	28.88	35	13.13	42	15.75
" 26	Jan. 25	60	500.00	6	5.00	35	2.71	25	2.29
" 26	" 10	45	450.00	6	3.38	35	2.63	10	.75
" 26	" 25	60	350.00	6	3.50	35	2.04	25	1.46
" 26	Mar. 27	121	675.00	6	13.61	35	3.94	86	9.67
" 30	Feb. 28	90	1,150.00	6	17.25	31	5.94	59	11.31
Dec. 1	Apr. 1	121	5,000.00	5½	92.43	30	22.92	91	69.51
" 10	" 10	121	5,000.00	5½	92.43	21	16.04	100	76.39
" 15	Jan. 14	30	850.00	6	4.25	16	2.27	14	1.98
" 15	" 14	30	500.00	6	2.50	16	1.33	14	1.17
" 15	" 29	45	375.00	6	2.81	16	1.00	29	1.81
" 15	Feb. 13	60	375.00	6	3.75	16	1.00	44	2.75
" 15	Apr. 15	121	5,000.00	5½	92.43	16	12.22	105	80.21
" 20	" 22	123	5,000.00	5½	93.96	11	8.41	112	85.55
			<u>\$96,725.00</u>		<u>\$1,714.60</u>		<u>\$919.99</u>		<u>\$794.61</u>



GOOD deal has been said in these columns from time to time about various phases of sentence structure. There has been some comment on sentence unity, coherence, and emphasis. Since the sentence is the pivotal unit of expression, further consideration of the matter of building clear-cut, felicitously worded sentences may have value to the reader. So far as this article is concerned, space will be given chiefly to sentences that illustrate the violation and the observance of the principles of sentence structure already considered.

(Ununified) The labor question has been discussed in this country for several years, and only recently have we been able to work out a solution that bids fair to be satisfactory to both labor and capital.

(Unified) Although we have discussed the labor question in this country for several years, only recently have we been able to work out a solution that bids fair to be satisfactory to both labor and capital.

(Ununified) At that time of day, the trout did not bite very well, and we fished for about three miles without catching any, but toward evening the fishing became more interesting, but we had to stop at last, and at about six o'clock we reached a point where the stream divided, and there we ended our fishing for the day.

(Unified) Since the trout did not bite very well at that time of day, we fished for about three miles without catching any. Toward evening, however, the fishing became more interesting. Notwithstanding this fact, we had to stop fishing about six o'clock at a point where the river divided.

(Ununified) There is a connection, it is said, between the moon and earthly things. Not a natural connection, of course, such as is observed in tides. But the moon is supposed to exert on terrestrial objects a subtle influence which is supernatural.

(Unified) There is a connection, it is said, between the moon and earthly things. This is, of course, not a natural connection such as is observed in tides. The moon, however, is supposed to exert on terrestrial objects a subtle influence which is supernatural.

(Ununified) This building contains a large auditorium. Twice a week the Pittsburgh Orchestra gives

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a concert in it. This orchestra is one of the largest and best orchestras in the country.

(Unified) This building contains a large auditorium, in which the Pittsburgh Orchestra, one of the largest and best orchestras in the country, gives a concert twice a week.

(Incoherent) The last duty of the day was to take the fruit and other produce from the stand in front of the store and carry it to the cellar.

(Coherent) The last duty of the day was to take the fruit and other produce from the stand in front of the store and carry them to the cellar.

(Incoherent) For two years I worked diligently and lived economically, which enabled me to save money enough to pay my first year's expenses at college.

(Coherent) For two years I worked diligently and lived economically—a practice which enabled me to save money enough to pay my first year's expenses at college.

(Incoherent) Mr. White replied to Mr. Brown that he felt sure that he would not wish to join his firm, since he had not had the experience which he required.

(Coherent) Mr. White replied to Mr. Brown, "I feel sure that you will not wish to join my firm, since you have not had the experience which I require."

(Incoherent) Being a manufacturing town and having a large laboring class, unions prevail in every trade.

(Coherent) Being a manufacturing town and having a large laboring class, Scranton has unions in every trade.

(Incoherent) This state of affairs has resulted in a scarcity of skilled operatives capable of doing delicate and difficult work, and other industrial changes likely to embarrass the manufacturers of textile fabrics.

(Coherent) This state of affairs has resulted in a scarcity of skilled operatives capable of doing delicate and difficult work, and in other industrial changes likely to embarrass the manufacturers of textile fabrics.

(Incoherent) After this hollow has been filled out, a piece of sole-leather, which is of the shape of the whole bottom of the shoe, that has first been soaked in water and thoroughly pounded, is sewn on firmly to the welt.

(Coherent) After this hollow has been filled out, a piece of sole-leather, which is shaped like the whole bottom of the shoe, and which has first been soaked in water and thoroughly pounded, is sewn firmly to the welt.

(Incoherent) The cakes of ice which I handled were twenty-eight inches long and twenty-two inches wide, and ranging from ten to fourteen inches in thickness.

(Coherent) The cakes of ice which I handled were twenty-eight inches long, twenty-two inches wide, and from ten to fourteen inches thick.

(Unemphatic) We put up in an old farmhouse for the night, because it looked very much like rain, and it was five miles to the nearest village.

(Emphatic) Since it looked very much like rain, and since it was five miles to the nearest village, we put up in an old farmhouse for the night.

(Unemphatic) The merchants thought that they saw ruin before them, when the population of the town was reduced one-half.

(Emphatic) When the population of the town was reduced one-half, the merchants thought that they saw ruin before them.

(Unemphatic) The wood loses about twenty-five per cent. of its bulk and about eighty per cent. of its weight in the process of changing to charcoal.

(Emphatic) In the process of changing to charcoal, the wood loses about twenty-five per cent. of its bulk and about eighty per cent. of its weight.

(Unemphatic) It may be true that college men have only a little practical training, but they generally do have some; and this small amount of practical training gives them the lead in nearly every profession if it is reinforced by a broad theoretical training.

(Emphatic) It may be true that college men have only a little practical training, but they generally do have some; and this small amount of practical training, if it is reinforced by a broad theoretical training, gives them the lead in nearly every profession.

The foregoing sentences illustrate the importance of observing the principles of unity, coherence, and emphasis in all the sentences that we write; and it is believed that a study of these sentences will be fully as productive as would be a somewhat more detailed discussion of the rhetorical principles themselves.

Both answers are technically correct. A reader of the first answer, however, in order to understand its purport, would have to understand the Imprest System as thoroughly as did the writer. Almost any one of average intelligence would thoroughly understand the Imprest System after reading the second answer. With but slightly more effort, the second student is attaining a skill in expression which is bound to be of service later. Students will do well to grasp the opportunity, accorded by the written work, of getting desirable training in expressing themselves clearly.

"Professor  
Mercan-  
til"

QUITE frequently, those dealing with South American countries hear of the degree of "Profesor Mercantil." For the most part, this degree means the same in the various countries as it does in Cuba. In that country only the holders of the degree can teach the subject of Accounting in the Havana School of Commerce. Furthermore, in court cases requiring the testimony of an expert in financial matters, such as bankruptcy, settlement of estates, etc., only the testimony of a Profesor Mercantil is given consideration by the courts, according to the law.

Through the kindness of Mr. German F. Penaranda, we are able to present the following requirements for the obtaining of the degree:

"Age, 16 years at least; written applications must be presented; fees of five dollars for each subject must be paid in advance (there are fourteen subjects in all). The examinations are held in the month of June, and if the applicant does not pass, he is allowed to take them over in September without any further payment. If he does not pass in September, he must wait until the following June and must pay new fees. The applicant may present himself for examination in one subject—paying five dollars, or two or more subjects—paying five dollars for each subject. He may take the examinations on all the fourteen subjects at one time. If all the subjects are passed, it is necessary to wait until December to take the final examination for the degree, the fee for which is ten dollars.

"The subjects are as follows: Political Economy, General Geography, Commercial Geography, Commercial History, Bookkeeping, Commercial Practices, Mercantile Legislation, International Mercan-

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tile Law, Knowledge and Recognition of Commercial Products, English Language, French Language, Stenography and Typewriting, Arithmetic and Algebra, and Statistics.

"Before being allowed to take the examinations on these fourteen subjects, the applicant must pass an elemental examination in the Havana Institute, which aims to ascertain that the applicant has a general knowledge of the Spanish language, arithmetic, geography, natural history, history, English, and drawing; in other words, all that is required in the grammar school. There is no charge made for this examination.

"Nearly all these examinations, except two or three, consist of the following: An examining committee, composed of three professors, who ask questions on the subject under examination; as a rule they ask from four to six questions on each subject. Each examination is independent of the others—that is to say, if the examination on Political Economy takes place at eight o'clock in the morning, the examination on General Geography would take place at three o'clock in the afternoon, etc., etc. These examinations last from seven to ten days. After having answered all questions to the satisfaction of the committee, the applicant is given a written quiz which he is asked to develop, and for which one hour is allowed; during this time, the applicant is allowed to consult the text-book. As a rule, if the oral examination has been accepted by the committee, the written examination is also passed.

"The examination in arithmetic and algebra consists of ten problems (five of advanced arithmetic and five of algebra), in writing, out of which six must be correctly solved. The time allowed for these ten problems varies from one to two hours, and the applicant is closely watched by the committee. During this examination, the applicant is not allowed to consult the text-book or take advice from any other persons taking the examination, and if these rules are disobeyed, the persons at fault are expelled.

"The English and French examinations are more or less on the same style as above described; the

instructors ask questions, and a written quiz is given consisting of some questions in grammar, and translations from Spanish to English, Spanish to French, and vice versa.

"The examination in stenography is practical. The instructors dictate several paragraphs, which must be taken at a speed of from eighty words to one hundred words a minute, and must be transcribed in from five to ten minutes.

"In the examination in statistics, the applicant must present some statistical work, such as graphs, etc. The same thing is required in the examination on bookkeeping. This is not compulsory, but helps some in the final result.

"In the subject of mercantile legislation, a thorough examination on the Cuban Commercial Law is given. Special attention is given to this examination.

"For all these subjects, the school recommends text-books that must be bought by the pupils, such as the 'Cuban Commercial Code' for the subject of commercial law; for political economy, Leroy-Beaulieu; for English, Baldwin Reader, Cortina; etc.

"Besides studying these text-books, the pupils must attend the Institute classes in order that they may be better prepared at the time of examination. If these examinations are unsatisfactory, the pupils are not allowed to present themselves for examination again for some months.

"If an applicant presents himself in June for examination in four subjects and does not pass one, he may continue with the others, inasmuch as each subject is entirely independent of the others, with the exception of arithmetic and algebra, the examinations on which must be passed before the examination on bookkeeping can be taken."

THOSE who have been studying the war taxes in this country probably will be interested in the taxes under the new act in France. The following are the rates, the value of the franc being placed at 20 cents: Profits under 100,000 francs (\$20,000) 50 per cent.; between 100,000 and 250,000 (\$20,000 and \$50,000) 60 per cent.; between 250,000 and 500,000 (\$50,000 and \$100,000) 70 per cent.; over 500,000 (\$100,000) 80 per cent.

JOHN GILLIGAN, Pace Institute, has recently joined the accounting staff of Fedde & Pasley.



## Personality

by  
Harvey  
M. Kelley,  
A.M.

A STATESMAN of the old school passed away the other day. Magnificent in physique, rotund in voice, and statuesque in manner, his like will not be seen in Congress again for some time. His personality, though, still lives and will continue to live in the memory of his associates.

Last January, the assistant cashier of a leading bank in New York City was chosen to be vice-president of another prominent bank. Affable, just, even-tempered, always accessible, he had the rare knack of turning acquaintances into friends. Ability and personality had much to do with his attainment of success.

Personality! Personality!! We are constantly hearing of the power and influence of personality. Almost any one can acquire ability. Can any one acquire personality? What do you mean by personality? Some think that it is appearance; others, that it is magnetism; and still others, that it is the effective impression of individuality.

"Back of every mighty action  
Stands the planner with his plan.  
First the thinker, then the doer;  
First the maker, then the man."

Man reveals himself through expression. As individuals we need to make ourselves felt in our daily life. Since, then, the ordinary medium of expression is our speech, we must speak to impress. The human elements which receive impression, so the psychologist says, are the intellectual, aesthetic, and emotional. To be effective, our oral expression must meet the requirements of all three elements. Clearness corresponds with the intellectual; correctness with the aesthetic; and force with the emotional. How does this work out?

When a man speaks purposefully, he must first have something to say, and then he must make his message clear. One thing at a time, developed point by point, will create unity. Unity is the basis of clearness. A good arrangement of ideas produced by logical sequence of thought and closely associated by connective words and phrases will result in coherence. This is the second principle of clearness. The third principle is proportion, or the emphasis of the important features of the message by the subordination in time and attention of the less important parts. A combination of unity, effective arrangement, and proportion makes clearness.

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To be clear is not enough. The effect may be marred by incorrectness. Wrong meaning of words, mispronunciation, vague terms, obsolete expressions, or those with local meaning only are irritating. Faulty grammar and unrhetoical construction jar upon the trained ear and discount the speaker's authority. In speech, to be sure, we are often more free than in writing, but the mistakes of ignorance and carelessness are never impressive for good. To be effective and meet the aesthetic elements of impression, we must be correct.

The most important quality of all is force. This satisfies the emotional element. Force, in the first place, is an individual product and is directly dependent upon personality for its strength. To be yourself is the solution; and to eliminate the obstacles of self-expression is the problem. Lack of poise may be the first obstacle; for continual shifting from foot to foot or aimless walking to and fro calls attention to the speaker and away from his message. Your voice, naturally pleasant, may be restricted through bad use; or it may be throaty or thin. You may be naturally expressive through gestures, but your motions may be numerous and meaningless. Your force depends upon the unobstructed expression of your own thoughts in your own individual way.

Oral Expression, it is plain to see, is concerned with the development of the individual, and considers him in sum total. In this sense, it becomes a means to an end, an aid to the effective impression of personality.

STRANGE indeed are the twists which the human mind makes in wrestling with some of the problems of accounting. As an illustration, consider the following definition of liabilities given by a student on a recent examination: "Liabilities are the excess of assets over accounting capital."

WILLIAM C. WOODFORD, New York School of Accountancy (Pace Courses), has been appointed an overseas secretary of the Y.M.C.A., for work with the American Expeditionary Forces. Mr. Woodford's work will be along executive accounting lines.

EUGENE G. ASHE, a Semester A student of the Pace Courses, has been appointed assistant accountant of the Cuba and the Camagüey and Nuevitas Railroad. We are pleased to reproduce a copy of the Spanish circular appointing Mr. Ashe to this position, together with a translation.

Agosto 1, 1918.

CIRCULAR No. 130.

### NOMBRAMIENTO DE CONTADOR AUXILIAR

A partir de esta fecha el señor Eugene G. Ashe queda nombrado Contador Auxiliar del Ferrocarril de Cuba y del Ferrocarril Camagüey y Nuevitas.

JOHN ASHLEY,  
Contador.

Aprobado:

C. R. HUDSON,  
Vicepresidente y Administrador General.  
August 1, 1918.

CIRCULAR No. 130.

### APPOINTMENT OF ASSISTANT ACCOUNTANT

On this date, Mr. Eugene G. Ashe is appointed assistant accountant of the Cuba Railroad and the Camagüey and Nuevitas Railroad.

JOHN ASHLEY,  
Accountant.

Approved:

C. R. HUDSON,  
Vice-President and General Manager.

WIDE publicity is being given among educational institutions to a letter of Colonel George Van Horn Moseley respecting the need of education to the soldier. In his letter, as reported in "Twenty-third Street Men," Colonel Moseley states that students below the draft age should not discontinue their educational work.

He expresses the opinion that the discipline incident to study is a decided asset to the young man who is likely to enter military service. This view he gives in the following extract from his letter: "There is a very mistaken idea as to just what are the most important qualities of a soldier. There is a general belief that strength to wield some particular weapon is all that is necessary. On the contrary, strength of character, discipline, and education are the fundamentals upon which a good army must be built to-day."

Young men will do well to heed this advice from Colonel Moseley, who is now on the staff of General Pershing.



## Personal Notes

**J. B. BAERNCOFF**, New York School of Accountancy (Pace Courses), has joined the Engineer Corps of the United States Army, and is stationed at Fort Benjamin Harrison, Indiana, at which place all railway men are assembled before being sent overseas.

**FERRIS D. SAXTON**, graduate of the Pace Courses in Washington, D. C., has been appointed assistant controller of the S. K. F. Administrative Corporation, New York.

**JAMES H. BOTZ**, Pace Institute, Washington, D. C., passed the American Institute examination for appointment as associate member, at the last examination.

**OVER FORTY MEMBERS** of the staff of Arthur Young & Company, certified public accountants, are now engaged in war work for the United States Government.

**JOSEPH J. MORRIS**, Pace Institute, has been appointed a Government cost accountant in connection with aircraft production.

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**SPENCER B. STEVENSON**, C.P.A. (New York), graduate of the Accountancy Institute of Brooklyn (Pace Courses), has established an office for the general practice of public accounting and auditing at 6 Kiukiang Road, Shanghai, China.

**MARSHALL H. McCORD**, Pace Institute, Baltimore, Md., has received his appointment as assistant paymaster in the United States Navy.

**JOHN L. HARRIS**, Pace Institute, has resigned his position with the Waltham Watch Company to accept a similar one with C. S. Littell & Company.

**JOSEPH L. MARTIN**, Newark School of Accountancy, has received his commission as assistant paymaster in the United States Navy.

**FREDERICK G. COLLEY**, C.P.A. (New York), announces that he has established offices at 43 Exchange Place, New York, to conduct a public accounting practice in the name of Frederick G. Colley & Company. Mr. Colley has been in public and corporation practice for a period of twenty-nine years. During the last year, he was controller of the Pierce Oil Corporation. For some time, Mr. Colley was a member of the firm of Touche, Niven & Company, certified public accountants, New York.

**SAMUEL M. FEINBLATT**, Pace Institute, has been recently appointed Internal Revenue Inspector, New Jersey Division, with headquarters at Elizabeth. He will spend part of his time at Jersey City. Mr. Feinblatt was one of twenty who passed out of a total of eighty applicants who took the examination for this position.

**R. M. ALEXANDER**, Pace Institute, is now a Ph.M. 3 at the Naval Base Hospital, Brooklyn, N. Y.

## The demand for trained accountants, both men and women, is increasing daily, hourly. Professional Accountancy firms need them. Business concerns—all kinds—need them.

Financial knots must be uncovered and untangled. Waste must be cut down and output speeded up. Operating plans must be worked out and operating staffs organized and directed. Related branches of industry must be coördinated and made to function together. These and similar problems and responsibilities which confront the Government and Organized Business are squarely up to the accountants—the business technicians—of the country.

The Pace Standardized Courses in Accountancy and Business Administration develop business technicians who can visualize things, plan things, and do things. For that reason, the courses are being studied to-day by more men and women than ever before—men and women, patriotic and far seeing, who are making ready for war-time service now and peace-time opportunities later.

The courses are available either by Extension through the mails or in Resident Schools in many of the large cities, among them New York, Washington, and Boston. Evening classes are now being organized.

The Extension Course (which covers the same ground as the Resident Course) may be taken for a month's trial instruction for \$6, without obligation to continue.

Send for a descriptive folder, specifying either Resident School or Extension instruction, and also for a complimentary copy of the notable 36-page brochure, "Your Market Value."

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